

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/28):**  
**BUTTER:** Grade AA closed at \$1.0875. The weekly average for Grade AA is \$1.0908 (-.0050).

**CHEESE:** Barrels closed at \$1.0500 and blocks at \$1.0850. The weekly average for barrels is \$1.0500 (-.0030) and blocks, \$1.0840 (+.0030).

**NONFAT DRY MILK:** Extra Grade closed at \$0.8400 and Grade A at \$0.8400. The weekly average for Extra Grade is \$0.8400 (N.C.) and Grade A, \$0.8400 (N.C.).

**BUTTER:** The cash price at the CME continues to fluctuate within a narrow range. Churning activity across the country continues to be reported as seasonally active, although in some areas, cream supplies have tightened and pricing multiples have increased. Stocks of butter are readily available from coast to coast. In many instances, current production is surpassing current demand, thus additional volumes are clearing to inventory. Overall demand is fair at best. Upcoming Easter/Passover needs are being filled, although scheduled feature activity at retail appears to be lighter this year versus past years. Food service orders are improved as restaurants also prepare for the upcoming holiday.

**CHEESE:** The cheese market is fairly steady. Prices at the CME were little changed this week. Cheese output is moderate to heavy in most parts of the country. However, California's cheese makers are very concerned over that state's recent milk price hearing results which mandates the use USDA's support price for milk as a floor. Demand for cheese is slow to fair, but the upcoming Easter/Passover holidays are helping stimulate some interest. Producers report no shortage of surplus milk available to them. Blocks, barrels, and process cheese continue to be offered to CCC under the price support program.

**FLUID MILK:** Milk production is seasonally higher throughout the nation. Heavier volumes are encouraging milk outflows from Florida. Producers in the West are mixed as to whether plant capacities will be sufficient to handle the seasonal milk flush this spring. Class I interest is fair at best. Fluid milk movement into manufacturing is increasing due to the light Class I interest and increased milk supplies. Condensed skim demand is steady to lower. Cream multiples are mixed yet prices are generally higher with the increased average price of CME AA butter. Fluid cream interest is increasing in the East for ice cream manufacture but stagnant in the Central and West. Cream movement into churns is heavy in the West and steady to lower in the East.

**DRY PRODUCTS:** NDM markets are generally unchanged with plenty of surplus powder being purchased by the CCC in response to seasonally higher milk volumes. A CCC announcement for cheese in exchange for NDM is being met with mixed reviews. Buttermilk prices are trending lower in the Central and East and steady in the West. Buttermilk stocks are building as producers await increased interest from ice cream producers. Whey markets are mostly steady yet production is increasing in response to higher milk volumes. The WPC market is steady to weak due to increasing supplies and lackluster interest. Lactose prices are expected to rise in the second quarter as supplies are limited for the good interest.

**CCC:** For the week of March 24 - 28, CCC purchased 888,371 pounds of bulk butter and 246,240 pounds of packaged butter from the West. Cheese purchases included 1,267,200 pounds of process from the Central and 642,329 pounds of block and 825,347 pounds of barrel cheese from the West. A net total of 10,635,864 pounds of NDM was purchased with 372,354 pounds from the Central, 9,578,360 pounds from the West and 685,150 pounds from the East.

**COLD STORAGE (NASS):** During February 2003, U.S. cold storage holdings of butter totaled 238.0 million pounds, 17.4% more than a month ago and 82.9% higher than last February. Natural American cheese holdings total 534.0 million pounds, 4.3% more than a month ago, 8.7% above a year ago. Nonfat dry milk holdings at the end of January 2003 total 1,146 million pounds, 2 million pounds less than last month, but 246 million pounds more than last January.

**CONSUMER PRICE INDEX (BLS):** The February CPI for all food is 178.3, up 1.4% from February 2002. The dairy products index at 167.2 is down 1.7% from a year ago. The following are the January to January changes for selected products: fresh whole milk -3.4%, cheese -1.6%, and butter -12.6%.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during November 2002 - January 2003 totals 41.7 billion pounds, 1.8% lower than the prior period. Comparing November 2002 - January 2003 disappearance levels with a year earlier: butter is -7.5%; American cheese, -0.9%; other cheese, +3.6%; NDM, -18.2%; and fluid milk products, +0.8%.

**\*\*\*\*SPECIAL THIS ISSUE\*\*\*\***

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carlot = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MARCH 24	TUESDAY MARCH 25	WEDNESDAY MARCH 26	THURSDAY MARCH 27	FRIDAY MARCH 28	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE BARRELS	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (-.0030)
40# BLOCKS	\$1.0950 (+.0100)	\$1.0800 (-.0150)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0850 (+.0050)	N.C.	\$1.0840 (+.0030)
NONFAT DRY MILK EXTRA GRADE	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8400 (N.C.)	N.C.	\$.8400 (N.C.)
GRADE A	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8400 (N.C.)	N.C.	\$.8400 (N.C.)
BUTTER GRADE AA	\$1.0925 (-.0050)	----	\$1.0925 (N.C.)	----	\$1.0875 (-.0050)	-.0100	\$1.0908 (-.0050)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, MARCH 24, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.0950; OFFERS UNCOVERED: 2 CARS 40# BLOCKS @ \$1.1300  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 11 CARS GRADE AA: 1 @ \$1.0950, 1 @ \$1.0925, 1 @ \$1.0975, 1 @ \$1.0950, 2 @ \$1.0975, 1 @ \$1.0925, 1 @ \$1.0950, 1 @ \$1.0900, 1 @ \$1.0975, 1 @ \$1.0925; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.0900, 1 @ \$1.0875, 1 @ \$1.0825, 1 @ \$1.0800; OFFERS UNCOVERED: NONE

TUESDAY, MARCH 25, 2003

CHEESE — SALES: 3 CARS 40# BLOCKS: 2 @ \$1.0950, 1 @ \$1.0850; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.0500; 4 CARS 40# BLOCKS: 1 @ \$1.0800, 1 @ \$1.0875, 1 @ \$1.0950, 1 @ \$1.1400  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 26, 2003

CHEESE — SALES: 4 CARS BARRELS: 3 @ \$1.0425, 1 @ \$1.0500; 5 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.1000, 1 @ \$1.0900, 1 @ \$1.0775, 1 @ \$1.0800; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0450; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.1175  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.0850, 2 @ \$1.0800, 1 @ \$1.0750; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.0925

THURSDAY, MARCH 27, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1000  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 28, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.0850; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.0900, 2 @ \$1.1000  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 13 CARS GRADE AA: 2 @ \$1.0925, 2 @ \$1.0900, 1 @ \$1.0875, 1 @ \$1.0850, 1 @ \$1.0875, 1 @ \$1.0900, 1 @ \$1.0875, 1 @ \$1.0900, 1 @ \$1.0850, 1 @ \$1.0875, 1 @ \$1.0850; BIDS UNFILLED: 15 CARS GRADE AA: 1 @ \$1.0875, 1 @ \$1.0850, 1 @ \$1.0825, 2 @ \$1.0800, 1 @ \$1.0750, 6 @ \$1.0700, 3 @ \$1.0600; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.0900, 3 @ \$1.1000

**BUTTER MARKETS****FEBRUARY COLD STORAGE**

According to NASS, February month-ending cold storage figures for butter total 238.0 million pounds, 82.9% more than last February and 17.4% heavier than January 2003 holdings.

**NORTHEAST**

The butter market tone remains mixed. Trading levels at the CME have held in relatively narrow range so far this month. Demand for both bulk and packaged butter remains lackluster. Some improved orders for Passover and Easter have been noted, but overall clearances to retailers have been typical for this time of year. Churning activity is moderate as demand for Class II cream has improved since early in the month. Cream supplies are not as ample as they were in the East and fewer loads of excess cream are looking for a home. Butter stocks continue to be more than ample for current needs and buyers have no difficulty finding desired volumes. Food service orders are starting to improve as restaurants prepare for the typically busy Easter Sunday dining. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

**CENTRAL**

The cash butter price at the CME continues to adjust slightly in a narrow range. Producers and handlers indicate that churning activity remains seasonally active, although outside cream offerings are becoming less available and more expensive. In many instances, current butter production continues to surpass demand, thus large inventories are becoming heavier. Butter demand is fair at best. Retail orders

are slightly improved as the Easter/Passover holiday approaches. Some retail feature activity is scheduled, although producers and handlers are indicating that it appears that feature activity will be less frequent this year versus previous years. Food service orders are slightly improved as restaurants also prepare for the upcoming holiday. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing bases.

**WEST**

Butter prices at the CME cash market continue to trade in a narrow range. Since the beginning of March, prices have gone up about as often as they have gone down. Features are being put together for the upcoming Easter period, but volumes are not expected to be all that great. Ongoing demand is fair at those retail locations that are reflecting the lower wholesale prices that are available. Food service orders range from fair to slower than anticipated because of the uncertainty in the general economy. The real concern noted by the trade is the heavy level of butter stocks overhanging the market. Butter stocks nationally at the end of February are 108 million pounds heavier than at the same time last year, an increase of 83%. Weekly CME warehouse stocks increased by 2.3 million pounds last week and stand at 158.9 million pounds. Stocks have increased 69.7 million pounds since the first of the year compared to 74.2 million pounds last year for the same period. Last year for this week the total in inventory was 94.0 million pounds. Clearances of Western butter to the CCC price support program now total 3.8 million pounds of Western bulk butter. Current prices for bulk butter range from 5 cents under to 2 cents under the market based on the CME with various time frames and averages (includes CCC sales when applicable).

**NASS DAIRY PRODUCT PRICES****U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE 40# BLOCKS	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
MAR 22	1.0661 7,979,804	1.0517 10,308,024	0.8034 30,767,899	1.0571 5,422,523	0.1601 14,530,566

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices range from unchanged on natural cheddar items and Swiss to fractionally lower on process. The market tone is steady at unsettled levels. At the CME, there does not seem to be a clear picture of where prices are heading. Production levels are unchanged at moderate levels. Most Eastern cheese makers are not pushing output too hard at this time. With current output often outpacing demand, inventories are usually heavier than desired. Retail demand is slow to fair and food service orders are fairly steady. However, restaurants are starting to prepare for Easter Sunday which will temporarily improve the need for cheese.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1450-1.6400
Cheddar Single Daisies	:	1.1025-1.5675
Cheddar 40# Block	:	1.2200-1.4675
Process 5# Loaf	:	1.2625-1.4625
Process 5# Sliced	:	1.2825-1.5300
Muenster	:	1.3075-1.5125
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST CHEESE

The cheese market continues to bounce around in a trading range. Current cash cheese prices are more than 10 cents below year ago levels at the Chicago Mercantile Exchange as well as below the comparable week through at least 1994. Natural orders, though uneven, range from fair to nearly good seasonally. Commercial demand is improving for process and about steady for mozzarella. Recent market increases have caused a few buyers to consider building limited inventory at current prices. Current barrel interest has improved. Some plants' inventory levels have declined recently while others continue to grow. Clearances to CCC under the price support program continue. Cheese production remains seasonally heavy.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2325-1.4900
Brick And/Or Muenster 5#	:	1.5200-1.7425
Cheddar 40# Block	:	1.4400-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.8350-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3875-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9500-2.6850

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
03/24/03	77,939	:	141,473
03/01/03	78,736	:	144,729
CHANGE	-797	:	-3,256
% CHANGE	-1	:	-2

## WEST

Cheese prices range from steady to fractionally lower. Some spring special cheese features and getting ready for the summer demand period are stimulating additional buying interest. Buyers are tending to stock up at these relatively low prices. Many buyers are searching for discounted offers with only limited success. Current number one blocks are in a tight position and cheese with some age or slight defects is often what is available. Inventories of cheese are stable or declining slightly. Under grade cheese is available and these offerings are finding some interest. Production remains on the heavy side, though some operations are purchasing outside milk to meet demand. Western producers have cleared a combination of 3.3 million pounds of block and barrel cheese into the CCC price support program. Inventories of Swiss cheese are causing more concern in that market. Production is up and demand is only fair. Swiss cheese stocks at the end of February total 24.6 million pounds; almost double the level of one year ago. Mozzarella sales have generally been slow this past winter and that does not seem to be changing much as spring weather approaches. American cheese stocks stand at 534.0 million pounds, an increase of 9% or 42.9 million pounds from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2025-1.4625
Cheddar 40# Block	:	1.2125-1.3525
Cheddar 10# Cuts	:	1.3925-1.6125
Monterey Jack 10#	:	1.4025-1.5625
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.3700

## FOREIGN

Prices are mostly unchanged and the market tone is steady. Some improved demand for traditional, Lenten cheeses has been noted, but overall demand is just fair. Demand for cheeses produced in France is occasionally slower as they are being boycotted in some areas of the Eastern urban areas. How this will impact imports and inventories is not yet known. During the first two months of 2003, cheese imports, subject to licensing requirements totaled 15.64 million Kg, down 1.2% from the same period a year ago. Conversely, imports of high-tier cheese during January and February totaled 3.83 million Kg, more than double the same period during 2002. The largest gains in the high-tier cheese category were seen in American-type (3.13 million Kg or nearly three and a half times last year at this time) and Cheddar (95,833 Kg or 6 times last year). The largest drop was seen in the Gruyere-process category with a drop of 7.2%.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.3900 : 1.4400-2.9300
Gorgonzola	:	3.2400-5.9400 : 1.9575-2.4900
Parmesan (Italy)	:	TFEWR : 2.8500-2.9400
Romano (Italy)	:	2.1000-3.1900 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.4475-1.6750
Romano (Cows Milk)	:	-0- : 2.6375-4.8100
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggiano (Argentina)	:	2.6900-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7500-3.6900 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-2.9900 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	42	0	30	0	86
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, February 2003 uniform prices: Northeast \$11.79, Mideast \$10.72, Southeast \$12.32, Florida \$13.65 and Western New York (a state order) \$11.40 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production is increasing along seasonal patterns in the Middle Atlantic and Northeastern states. Milk output is increasing more noticeably in the Southeast. The weather has warmed in most areas of the East and having a positive impact on the milk flow. Fluid milk supplies are long and Florida continues to ship milk out of state for processing. Bottled milk demand is seldom better than fair. Traditionally, milk sales do slow down during March. The two major influences on the slower demand are spring break and the exodus of the winter residents from Florida and other Southeastern "wintering grounds." Surplus milk volumes range from moderate to long. Some increased manufacturing is reported in the Southeast as milk supplies increase. In the Northeast, manufacturing is steady, but some plants, or portions of them, are reportedly going to be down later this week for maintenance. The condensed skim markets are about steady. Demand for both Class II & III wet solids is little changed from earlier this month. The fluid cream market is mixed. The market tone has been firm for most of March, but some suppliers note that a couple users will have operations down late this week (as noted above) and are taking less cream after midweek. This will put more cream on the market. Spot prices are higher and lower as the drop in price reflects some late-week sales. Demand for Class II cream has been improving as the weather improves. Most noticeably, soft serve ice cream mix makers have been looking for more cream in the last week or so. Additionally, producers of aerosol, whipped cream were looking for extra loads late last week and early this week. Some improvement in bottled cream processing was also noted. Ice cream producers are starting to gear up for spring needs and most are operating on slightly longer schedules. Most ice cream producers have little trouble finding desired volumes of cream. Fuel surcharges are becoming more of a factor in transportation costs. Reports of a surcharge of 20% were noted, but 10-12% is more common. Churning activity is steady to occasionally lighter due to the improving demand for Class II & III cream.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3588-1.4903
DELIVERED EQUIVALENT ATLANTA	-	1.3807-1.5012 M 1.4245-1.4465
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3150-1.4355

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9000- .9800
NORTHEAST- CLASS III - SPOT PRICES	- .7400- .8200

## M I D W E S T

Class I interest seemed lighter the last full week of the month, except for the usual scattered retail feature activity. Manufacturing milk supplies remain ample to burdensome through much of the region. Many plant operators are wondering how they will handle the expected larger spring milk receipts. More than a few milk producers have been checking around to find a new milk buyer, but few if any plant operators, especially in Wisconsin, are interested in adding committed milk supplies at this time. A few plants trying to work in some planned maintenance are having trouble moving a few extra loads to help clear their schedule. Milk buyers might be more interested in milk if they did not have ample supplies of their own when compared to current manufactured product orders. Reported spot milk prices range from -\$1.00 to +\$1.00 with

most from around class to +\$0.50. Cream demand has slowed as increased offerings and ice cream production and sales are steady to sluggish. In some instances, condensed skim sales are being hurt by the availability of low spot fluid milk prices. Current milk intakes are steady to slightly higher seasonally and most states remain above year ago levels. Temperatures returned to near normal late March levels. Soft fields are limiting outdoor activities such as hauling manure. Many areas remain dry and brush fire problems have increased.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAR 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 42.00	\$ 39.50- 45.00
REPLACEMENT HEIFER CALVES	\$220.00-350.00	\$550.00-650.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAR 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 45.50	\$ 38.00- 48.50

## W E S T

CALIFORNIA milk production remains strong at levels well above last year. Conditions remain favorable for milk growth across the state with warm temperatures and intermittent, light rains. Plants in the state are running heavy to process additional milk, but there continues to be milk moving out of state for processing homes. Fluid milk sales are reported to be holding mostly steady to lower with changes noted where schools and colleges are on break. Hay harvest is progressing further north each week. There are more new crop hay supplies being offered on the market and prices are sometimes a little softer. The quality is not as good because of recurring rains. The CFDA announced changes last week to the state pricing formulas. Assessing the formulas if they were in effect for the five year period 1998-2002, the following average price changes would have resulted: Classes, 2, 3, and 4a, would have increased \$0.10; and Class 4b would have increased \$0.19. The annual pool price would have an average increase of \$0.11 over the five year period. Another change also floors butter, cheese, and NDM prices used in the formulas at their respective CCC support prices. Currently, CME cheese prices are \$.0514 under the support price. CME butter prices are \$.0425 cents above support, and California NDM prices are trading at \$.0035 above support. The current impact on cheese processors is that they will pay more for milk than they can realize in the market for the cheese. CCC only buys cheddar cheese in 40 pound blocks and 500 pound barrels. In 2002, 34% of the total cheese produced in California was cheddar and not all was eligible or able to be offered to the CCC. NEW MEXICO milk production continues to trend seasonally higher at levels above a year ago. Milk handling returned to normal following a hectic time last week when a plant was down. Class I demand has been lower with spring break orders down. Weather conditions are good currently, but forecasts call for high winds and rain. Western CREAM supplies remain plentiful with most excess cream ending up in local churns. Demand from ice cream makers continues to be lighter than expected. Western cream multiples range from 109 to 123, FOB, depending on class usage. Milk supplies remain seasonally heavy in the PACIFIC NORTHWEST. Some plant managers are concerned about having the necessary plant capacity to process all the available milk supplies efficiently during the spring flush. The test levels on current milk receipts are declining at some locations. Carry over hay stocks appear to be heavier than anticipated in the region. Some price weakness is noted as hay growers attempt to clear old crop stocks before the new crop arrives in a few weeks. Some producers continue to add cows and fewer exits have been noticed recently. Financial stress continues to be a topic for most producers. Some green up is noted and pastures are coming out of dormancy. As the ground firms up it is expected that cows will be grazing soon. Normal seasonal weather is common over UTAH and IDAHO. Milk supplies are increasing along regular seasonal patterns. Some producers are switching handlers at this time of year. Some manufacturers are commenting that there is not as much surplus milk around currently as was noted a few weeks ago. Heifer prices have settled into an average range around the \$1250 mark with the high end in the mid \$1500's. Buyer interest seems to be waning. Hay fields are just beginning to green up. Old crop stocks are more available than anticipated.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged on a steady market. Increasing milk volumes are displacing condensed skim sales and encouraging more NDM production. Demand is mostly contractual on low heat. Spot movement is best on high heat into bakeries. Inventories are mostly in balance. Standard grade supplies are limited for the good interest. Sales to the CCC persist from the Central region with much debate ensuing over the potential exchange of CCC NDM for cheese. While cheese producers seek potential opportunities to resell CCC NDM, traders are generally averse to discussions until more information about the program is available.

EAST: Eastern prices are unchanged and the market tone is steady. However, the recent announcement that CCC would be using CCC-owned NDM as partial payment for cheese contract purchases has many in the industry very concerned. Last week, when the announcement was made, a lot of producers and traders were scrambling to find information. Reactions ranged from surprise to shock. This week, conversations were a little more subdued, but still, contacts generally expressed disappointment over CCC's decision. Current NDM production ranged from steady to heavier as more surplus milk was available in much of the East. Plant stocks were balanced in some cases; heavy in others. Offerings of Eastern NDM to CCC continue. A few operations indicate that their current output is geared to meeting their powder orders and they have little or nothing in their warehouses. Commercial demand for dry skim is lackluster and generally for immediate needs. Some users have contracted for their needs, but other, smaller users are easily filling their needs on the spot market with little fear of not finding powder.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .8000 - .8800 MOSTLY: .8000 - .8600  
HIGHHEAT: .8600 - .9150

**NONFAT DRY MILK - WEST**

Western low/medium heat NDM prices are unchanged in mostly light spot trading. Weak market tone trends continue. Demand is light with no urgency noted. The cheese industry is limiting NDM use as condensed skim and discounted milk is available to extend or supplement cheese production. The USDA announced on March 21, that they seek fortified NDM for export programs. USDA will make these purchases through the support program, but will invite offers that include additional processing fees through a service agreement. In addition, trade sources are cautiously assessing the effects that CCC-owned NDM put back on the market could have. Announcement MX1 will exchange NDM for cheese. Furthermore, recent California changes raising milk prices going into Class 4a (butter/NDM) and 4b (cheese) are in place for March milk. One change affecting both prices is the product support price is the floor in formulas. Currently, this "hurts" cheese producers more. Hence, analysts feel there may be more NDM production in California in the near term. Drying schedules are active in the region to process growing milk supplies. During the week of March 17 - 21, Western producers offered 19.6 million pounds of NDM to the CCC. High heat NDM prices moved slightly higher on the top end of the range. There are reports of increased demand from seasonal accounts for both spot and contract orders for some producers. Stocks are available for current orders.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .7850 - .8875 MOSTLY: .7950 - .8125  
HIGHHEAT: .8225 - .8500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 21	\$ .8035	15,588,302	7,028,682
March 14	\$ .8031	13,546,073	7,056,808

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower and nominal on a mostly steady market. Many plants have dry buttermilk to move. Stocks are building with producers and traders speculating on when ice cream makers will increase their intakes of dry buttermilk. Condensed buttermilk is moving steadily into ice cream. Increased milk volumes are encouraging churn activity at some locations, resulting in increased buttermilk production. Demand is lackluster with offers at the lower end of the range difficult to clear.

F.O.B. CENTRAL: .6500 - .7200

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are mostly steady to lower and the market tone remains weak. Eastern prices are nominal. Production of dry buttermilk is a little lighter as churning activity did ease lower this week. Producer stocks are fairly well balanced, but some accumulations of off grade powder continue to be reported. Demand for both liquid and dry buttermilk is steady at just fair levels. However, some ice cream producers are stepping up production schedules which may impact the call for liquid or condensed buttermilk. Off grade powder did clear at prices below the reported range.

F.O.B. NORTHEAST: .7000 - .7175  
DELVD SOUTHEAST: .7300 - .7550

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are unchanged and the market tone is steady. Trading action is light, especially for spot orders. Producers with contracts are most often in better inventory positions. The spot market is slightly weaker, although not fully tested. There is concern about being able to move product. Drying schedules are often moderate to heavy to handle the buttermilk solids in the region.

F.O.B. WEST: .7000 - .7500 MOSTLY: .7200 - .7400

**DRY WHOLE MILK - NATIONAL**

Prices are steady to occasionally higher and the market tone is generally steady. Prices remain nominal. Production is steady at moderate levels. Demand is mostly contractual with limited spot activity being reported. Plant stocks are quite well balanced.

F.O.B. PRODUCING PLANT: 1.1000 - 1.1600

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2002 THROUGH MARCH 21, 2003  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	68,201	MT (150,355,592 LBS)
Program's NDM allocation is filled.			
CHEESE	-	3,029	MT (6,677,733 LBS)
BUTTERFAT	-	5,000	MT (11,023,000 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. This program-year's allocations have been announced in stages. The third stage was announced on February 25, 2003, and makes available 25,575 MT of NDM, 1,136 MT of cheese, and 5,000 MT of butterfat. This announcement fills the NDM and cheese allocations for this DEIP-year.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to lower on a mostly steady market. Trade is reported as "quiet" with most movement occurring on a contractual basis. Production is steady to higher in response to seasonally higher milk production. Supplies of condensed whey are increasing as cheese plants discontinue outside purchases of condensed to more readily handle heavier internal supplies. Offers to some traders are noted at a premium yet trader interest is light as more attractively priced supplies are available in the West. Inventories are mostly in balance yet building at some locations.

F.O.B. CENTRAL: .1525 - .1650 MOSTLY: .1550 - .1600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices and the market tone are steady. Northeastern producers report steady output. Producer stocks are in a range of sold out to fully adequate. A few operations are still getting caught up with back orders due to plant problems late last month and/or early this month. Others, however, have dry whey available for immediate shipment. Demand is just fair and not really strong enough to push prices higher. It is noted that producers are rarely able to get premiums beyond their normal rates and most are just getting the market average on spot sales. Some export interest was discussed, but few new sales have been noted. Traders continue to report that market conditions are relatively inactive and have been for most of the year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1575 - .1800  
DELVD SOUTHEAST: .1800 - .1950

**DRY WHEY - WEST**

No real direction is noted on any price changes and most trades are taking place near the levels of previous weeks. Some contacts feel there is a weaker undertone to the Western market with some heavier stocks noted. Others see the market as more balanced and not trending in any particular direction. More Central buyers are looking at the West to acquire some supplies. The recently announced tender may also help to clean up some stocks, but there are many opinions as to how much impact those sales may have on the current market. Production levels are generally above expectations and will most likely remain that way until after the end of the spring flush. Cheese plants in California are concerned with the changes to the state order announced last week hurting their overall bottom line and that may impact their production decisions.

NONHYGROSCOPIC: .1350 - .1750 MOSTLY: .1450 - .1600

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged and nominal on a steady market. Trading activity for the current week on milk replacer is improved compared to the week prior. However, some traders are able to garner more attractive prices in the West, decreasing interest in Central region product. Roller ground movement is generally unchanged as most sales are occurring on a contractual basis. Production is steady to higher at some locations due to the increased availability of condensed whey. February calf slaughter totaled 83,100 head, up 14% from February 2002. February hog kill totaled 7.68 million head, 2% above last year.

NOTICE: Due to the reduced number of roller ground producers, the roller ground report will be discontinued as of May 1, 2003.

F.O.B. CENTRAL:  
MILK REPLACER: .1375 - .1525  
ROLLER GROUND: .1475 - .1825

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are generally lower on a steady to weak market. Offers below the range are being rejected by buyers on the international market. Domestic interest is mostly contractual. Plants that contracted most of their production are in good balance and able to garner a premium on some sales. Plants that are less contracted are beginning to build stocks. More operations are also diluting 80% WPC to 34% to clear excess stocks of 80% and offering the derived product at a discount to the 34% market. Trader interest in WPC is light. Production is steady to higher due to increased supplies of condensed whey and less interest in condensed WPC. Off grade movement is light.

F.O.B. EXTRA GRADE 34% PROTEIN: .4900 - .5575 MOSTLY: .5000 - .5075

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Some contracts for the second quarter are finalized at 0.5 - 1 cent higher. However, most negotiations continue with some plants planning to wait until after second quarter market changes occur to finalize agreements. Traders are confused by the firm market, especially in light of weakness seen in the whey and WPC markets. Production is mostly steady to somewhat higher due to increased condensed whey intakes at some locations. Inventories are in balance for the contractual interest. Supply availability for spot interest is limited. Feed grade trade is improved compared to the week prior at prices competitive with the milk replacer market.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1550 - .2350 MOSTLY: .1600 - .1800

**CASEIN - NATIONAL**

Casein markets remain firm as prices are projected to increase as the second quarter is about to begin. Stocks are sufficient for contracted volumes, but limited for spot buyer interest. Reports indicate that the production season in Oceania has now ended, thus future shipments will be filled from inventoried stocks. European production is just getting underway. Late last week, USDA announced under invitation 007, that government owned powder is being made available for the manufacture of casein or caseinate. Letter offers are due by April 8 with successful bidders being notified by midnight April 10. Further information pertaining to this announcement may be obtained by contact calling 816-926-6620 or at this internet site: [www.fsa.usda.gov/daco/default](http://www.fsa.usda.gov/daco/default)

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9000 - 2.1000  
ACID: 1.8000 - 2.0500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Demand for canned evaporated milk is up slightly as the Easter/Passover holidays often generate what some refer to as mini surge in sales/consumption. Production levels are mostly steady, but some extra milk is available in scattered parts of the country and producers are taking advantage of this low priced milk. Demand continues to center around replacement needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

## CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	03/12	03/13	03/14	03/17	03/18	03/19	03/20	03/21	03/24	03/25
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
MAR 03	9.13 (2728) 189	9.11 (2729) 7	9.11 (2728) 0	9.11 (2482) 261	9.10 (2480) 0	9.10 (2480) 0	9.10 (2481) 2	9.10 (2481) 0	9.10 (1957) 580	9.10 (1954) 12
APR 03	9.45 (4086) 100	9.46 (4093) 17	9.47 (4055) 27	9.45 (4139) 162	9.38 (4139) 5	9.35 (4094) 0	9.37 (4094) 12	9.40 (4104) 10	9.45 (4128) 4	9.42 (4118) 119
MAY 03	9.65 (3852) 88	9.67 (3853) 12	9.60 (3901) 66	9.56 (3885) 49	9.56 (3883) 9	9.57 (3885) 2	9.57 (3888) 5	9.61 (3898) 10	9.61 (3918) 70	9.72 (3961) 112
JUN 03	10.17 (3483) 54	10.18 (3532) 67	10.15 (3725) 235	10.14 (3712) 187	10.08 (3711) 19	10.08 (3723) 42	10.09 (3750) 65	10.15 (3761) 30	10.30 (3843) 158	10.35 (3847) 44
JUL 03	10.55 (2857) 9	10.57 (2946) 113	10.60 (3004) 95	10.53 (3114) 217	10.41 (3108) 18	10.42 (3109) 47	10.44 (3113) 32	10.50 (3118) 19	10.65 (3131) 75	10.65 (3133) 25
AUG 03	10.80 (2542) 3	10.80 (2545) 3	10.82 (2609) 114	10.76 (2635) 99	10.70 (2635) 18	10.71 (2636) 8	10.71 (2617) 10	10.80 (2619) 19	10.85 (2648) 89	10.85 (2654) 27
SEP 03	11.32 (2665) 17	11.35 (2685) 22	11.40 (2765) 118	11.32 (2821) 198	11.18 (2824) 8	11.15 (2824) 14	11.20 (2836) 91	11.27 (2843) 70	11.40 (2852) 78	11.37 (2853) 5
OCT 03	11.45 (2188) 10	11.45 (2192) 5	11.50 (2276) 113	11.45 (2347) 111	11.36 (2353) 21	11.35 (2354) 12	11.40 (2341) 29	11.38 (2351) 30	11.45 (2366) 87	11.47 (2365) 4
NOV 03	11.35 (1566) 6	11.35 (1581) 15	11.35 (1583) 16	11.25 (1616) 40	11.20 (1617) 6	11.18 (1619) 22	11.25 (1626) 25	11.23 (1640) 28	11.35 (1622) 19	11.30 (1628) 14
DEC 03	11.25 (1277) 2	11.35 (1281) 7	11.25 (1279) 13	11.20 (1304) 27	11.10 (1319) 16	11.15 (1327) 12	11.20 (1335) 14	11.29 (1362) 27	11.35 (1366) 20	11.34 (1367) 7
JAN 04	11.50 (160) 0	11.50 (164) 5	11.40 (166) 2	11.40 (168) 2	11.30 (172) 13	11.29 (172) 0	11.29 (172) 1	11.25 (172) 1	11.28 (174) 2	11.28 (174) 0
FEB 04	11.30 (98) 2	11.30 (99) 1	11.20 (101) 2	11.10 (107) 6	11.10 (112) 6	11.15 (112) 0	11.15 (113) 1	11.15 (120) 7	11.30 (124) 4	11.25 (124) 0
MAR 04	11.20 (61) 0	11.20 (61) 0	11.20 (63) 2	11.20 (64) 1	11.06 (66) 2	11.10 (66) 0	11.10 (66) 0	11.10 (68) 2	11.15 (70) 2	11.15 (70) 0
APR 04	11.25 (56) 0	11.25 (56) 0	11.25 (58) 2	11.25 (58) 0	11.25 (64) 9	11.25 (64) 0	11.25 (64) 1	11.25 (64) 0	11.25 (64) 0	11.25 (64) 0
MAY 04	11.25 (55) 0	11.25 (55) 0	11.25 (57) 2	11.25 (57) 0	11.25 (57) 0	11.25 (57) 0	11.25 (58) 1	11.25 (58) 0	11.25 (58) 0	11.25 (58) 0
JUN 04	11.43 (49) 0	11.43 (49) 0	11.43 (51) 2	11.43 (52) 1	11.43 (52) 0	11.43 (52) 0	11.43 (53) 1	11.43 (53) 0	11.43 (53) 0	11.43 (53) 7
JUL 04	11.70 (16) 0	11.70 (16) 0	11.70 (18) 2	11.70 (18) 0	11.70 (20) 2	11.70 (20) 0	11.70 (21) 1	11.70 (21) 0	11.70 (21) 0	11.70 (21) 0
AUG 04	11.65 (1) 0	11.65 (1) 0	11.65 (8) 7	11.65 (13) 5	11.70 (16) 3	11.75 (16) 0	11.75 (17) 1	11.75 (17) 0	11.75 (17) 0	11.75 (17) 0
<b>CME - (CLASS IV) MILK FUTURES -- Dollars per cwt.</b>										
MAR 03	10.00 (25) 0	10.00 (25) 0	10.00 (25) 0	10.00 (25) 0	10.00 (25) 0	10.00 (25) 0	10.00 (25) 0	9.93 (25) 0	9.93 (25) 0	9.93 (25) 0
APR 03	10.10 (14) 0	10.10 (14) 0	10.10 (14) 0	10.10 (14) 0	10.10 (14) 0	10.10 (14) 0	10.10 (14) 0	10.05 (14) 0	10.05 (14) 0	10.05 (14) 0
MAY 03	10.33 (8) 0	10.33 (8) 0	10.33 (8) 0	10.25 (8) 0	10.25 (8) 0	10.25 (8) 0	10.25 (8) 0	10.25 (8) 0	10.25 (8) 0	10.25 (8) 0
JUN 03	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0
JUL 03	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0
AUG 03	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0	10.45 (5) 0
SEP 03	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0
<b>CME - BUTTER FUTURES -- Cents per pound</b>										
MAR 03	109.50 (210) 1	109.50 (181) 15	109.50 (149) 13	109.00 (145) 36	109.25 (98) 3	110.27 (98) 39	111.00 (58) 0			
MAY 03	111.75 (328) 0	111.75 (328) 0	112.02 (329) 1	111.75 (353) 26	112.00 (355) 5	113.75 (362) 7	113.47 (364) 6	112.00 (367) 6	111.00 (373) 11	111.25 (374) 4
JUL 03	114.75 (306) 0	114.75 (306) 0	115.00 (306) 1	115.00 (307) 1	115.00 (307) 2	116.50 (333) 26	116.50 (333) 1	114.75 (334) 1	114.25 (358) 28	114.25 (360) 3
SEP 03	118.40 (326) 3	118.50 (326) 0	118.50 (326) 0	118.50 (325) 2	118.97 (325) 0	118.97 (332) 7	119.50 (332) 0	117.90 (331) 1	116.75 (342) 16	117.25 (342) 0
OCT 03	119.50 (232) 3	120.00 (232) 0	120.00 (232) 0	120.00 (233) 2	120.00 (233) 0	120.00 (234) 2	121.00 (234) 1	119.00 (233) 1	117.50 (249) 16	118.00 (249) 0
DEC 03	122.00 (37) 0	122.00 (37) 0	122.00 (37) 0	122.00 (37) 1	123.00 (37) 3	123.00 (37) 0	123.00 (37) 1	120.00 (37) 0	120.00 (52) 20	120.00 (52) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 17 - 28, 2003

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production in Europe continues to expand seasonally, although producers in some countries are adjusting their late March shipments due to above quota volumes as the milk quota year end nears. With the milk quota year end just a few days away, March 31, handlers are indicating that receipts at this time of the year are often irregular as producers adjust their marketings. Once April 1 arrives, marketings and manufacturing schedules are expected to quickly expand as all milk production once again is marketed. Reports indicate that milk production during the current milk quota year seems to be in better balance with quotas. Some indicate that not as many producers will not need to adjust their output, while producers that usually over produce, are again in the same situation. International buyer interest for manufactured dairy products is quiet. Most transactions are shipments of previously placed orders with most business covering immediate or short term needs. No long term sales are being reported at this time. Much of the slow down in Europe sales is being attributed to political unrest in the Middle East. As milk production increases seasonally, so are manufacturing schedules of dairy products. Intervention for skim milk opened on March 1 and early offerings have been lighter than last year during the opening days. Early reports project that overall clearances will not be as heavy as last year and the 109,000 MT maximum volume level will not be breached.

**BUTTER/BUTTEROIL:** European butter markets are basically steady although, prices are unchanged to slightly higher. Demand is fairly active for basically domestic or internal needs. International sales are slow. Butter intervention is open and surplus volumes are clearing. Milk production is building seasonally in Europe, thus butter production is also on the increase. Stocks of butter are available for needs.

82% BUTTERFAT:	1,250 - 1,300
99% BUTTERFAT:	1,550 - 1,650

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady with prices unchanged to slightly lower. Current production is keeping pace with demand which is reported to not be overly aggressive. Some powder is clearing to intervention, although early reports speculate that offerings to intervention will be lighter than last year. Some recent powder sales were reported out of Eastern Europe in recent weeks, but beyond those sales, buying interest is slow.

1.25% BUTTERFAT:	1,640 - 1,700
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady with prices unchanged to slightly lower. A slightly weaker Euro against the U.S. dollar is a contributing factor to lower prices. Recent international sales have been reported out of Europe, but since those sales, buying interest is slow. Political unrest in the Middle East is a factor that is limiting sales at this time. Stocks are reported to be available for buyer needs. Most traders indicate that booked sales at this time during the second quarter are light, but hope that third quarter demand will be more aggressive.

26% BUTTERFAT:	1,650 - 1,750
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**SWEET WHEY POWDER:** Whey powder markets are generally steady, although prices are weaker. Milk production is seasonally building in Eastern and Western Europe, thus is cheese and whey output. Overall demand is fair at best and basically centers around domestic needs. Stocks of whey are available for potential buyer interest. International sales are reported as slow.

NONHYGROSCOPIC:	375 - 500
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**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe continues to increase seasonally, although at a slower pace than in Western Europe. Weather patterns in many areas are more late winter like versus early spring. Some recent international skim and whole milk powder sales were reported being sourced from this region. Outside of these sales, no significant new buyer interest is being reported. Eastern European sources were optimistic that these sales will continue as the 2003 milk production season develops.

## OCEANIA

**OCEANIA OVERVIEW:** Milk production trends in the Oceania region continue to decline seasonally. In New Zealand, reports indicated that dry conditions were developing, thus milk production was projected to drop more sharply than desired, causing concern on the part of manufacturers and exporters. In recent days, some much needed moisture has fallen in the major dairy areas, causing plant receipts to increase slightly or at least stabilize, relieving some of the unsettling concerns. With this reprieve in milk production declines, manufacturers and handlers of dairy products are more comfortable with their supply/demand commitments. As the milk production season winds down, some producers that were considering reducing their milking schedules to one time per day or for those that had already adjusted their schedules and now are considering complete dry off, are putting these considerations on hold as milk production recovers slightly. In Australia, lack of moisture continues to plague most of the main dairy areas of the country, although some moisture has fallen in recent days. Basically all season, milk production reports in Australia indicated that milk output for the year would be down around 10%, although some handlers speculate that this late season moisture will hopefully improve this annual figure. As milk production declines, so are manufacturing schedules in both Australia and New Zealand. For the most part, all plants remain open, but are adjusting processing schedules to accommodate lower milk intakes. Casein output has basically ended which is the first Oceania dairy product to cease production as milk volumes decline. Stocks of manufactured dairy products are in close balance as contractual commitments are filled. Most manufacturers and traders feel that they will be able to meet these commitments, especially now with the slight up tick in milk production as the season end nears. Most continue to indicate that they will have very little, if any at all, additional stock to offer on a spot basis.

**BUTTER:** Oceania butter markets are generally steady at unchanged prices. Stocks of butter are in close balance for contractual commitments with most handlers indicating minimal volumes, if any at all, available for spot buyer needs. Butter production is edging lower seasonally as milk output declines.

82% BUTTERFAT:	1,250 - 1,350
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**CHEDDAR CHEESE:** Oceania cheese markets are steady to firm with prices unchanged to slightly higher. Demand and shipments continue to center around regular and ongoing buyer needs. Cheese production is winding down in Australia and New Zealand with most producers and handlers anticipating that they will have sufficient volumes to meet commitments, but anticipate to not have any significant surplus for fill-in or spot buyer needs.

39% MAXIMUM MOISTURE:	1,800 - 1,900
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**SKIM MILK POWDER (SMP):** Skim milk powder markets in the Oceania region are generally steady at unchanged prices. Production of powder is winding down seasonally as milk volumes decline. Stocks of powder are reported to be in balance with known contractual commitments. Often, manufacturers were concerned about meeting commitments as milk receipts lagged projections, but recent slight increases in milk production will hopefully relieve some of the unsettledness.

1.25% BUTTERFAT:	1,700 - 1,800
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady at unchanged prices. Powder production is declining seasonally, although whole milk powder output is strong as milk volumes edge lower. Stocks of powder are reported to be in close balance with needs with minimal volumes available for spot buyer interest and will basically be out of the market until the new season resumes in August.

26% BUTTERFAT:	1,800 - 1,850
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Exchange rates for selected foreign currencies: March 24, 2003

.6756 Canadian Dollar	.0210 Indian Rupee
.3378 Argentina Peso	.5518 New Zealand Dollar
.0928 Mexican Peso	.5948 Australian Dollar
.2455 Polish Zloty	.0083 Japanese Yen
	1.0633 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0928) = 10.7758. That is 1 US Dollar equals 10.7758 Mexican Pesos.  
Source: "Wall Street Journal"

## MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

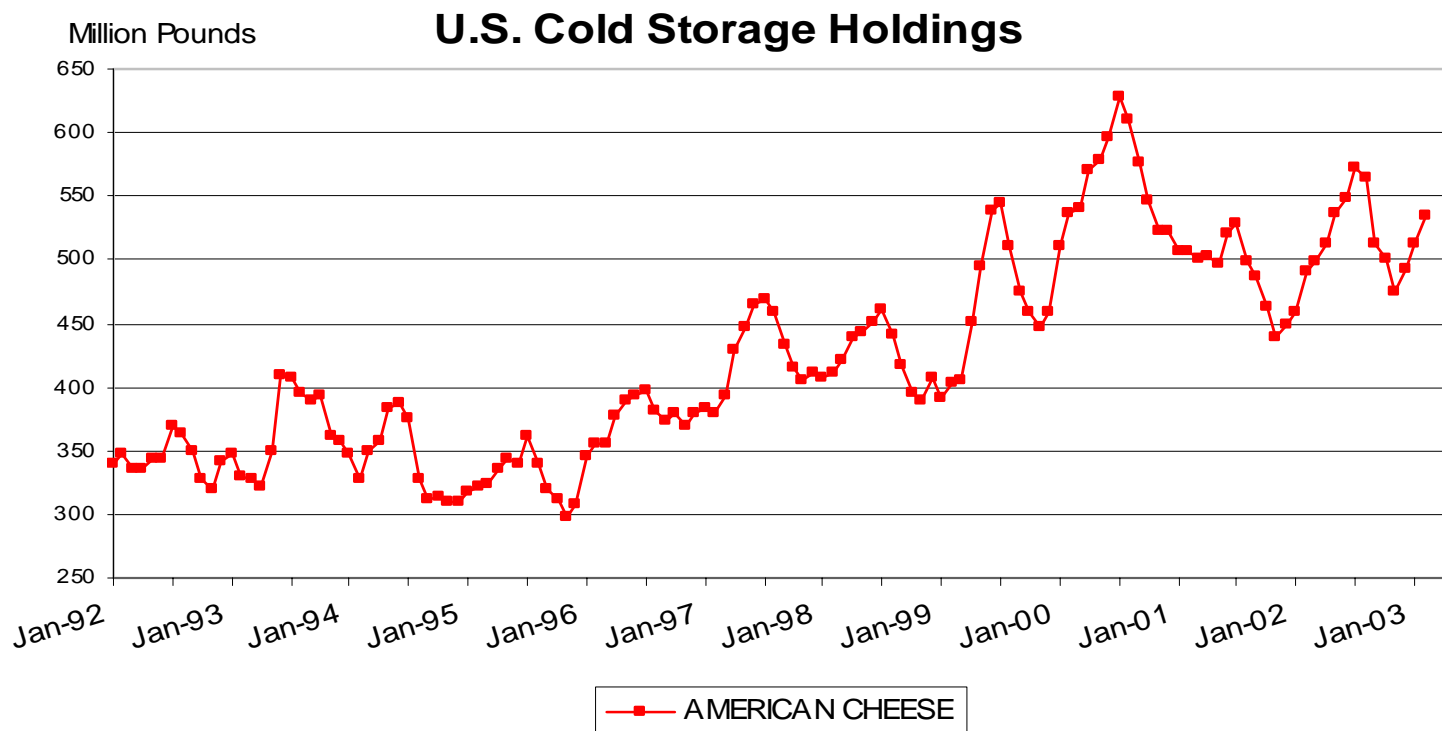
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JAN 31, 2001	JAN 31, 2002	REVISED JAN 31, 2003	FEB 28, 2001	FEB 28 2002	FEB 28, 2003
Butter	68,405	99,200	202,660	86,078	130,124	238,016
Cheese, Natural American	507,000	459,707	512,192	505,951	491,147	534,030
Cheese, Swiss	13,968	12,388	25,125	13,027	12,711	24,632
Cheese, Other Natural	188,937	221,541	222,166	204,938	216,463	204,474
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	338	260	349	279	1,200	725
Natural American Cheese	2,270	794	280	1,806	753	368

FEBRUARY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
New England	21,189	19,978	21,737	---	---	---	270	589	258
Middle Atlantic	52,054	60,140	58,459	---	---	---	17,647	38,087	17,463
East North Central	239,998	189,968	220,076	---	---	---	107,213	102,174	119,013
West North Central	89,794	117,046	124,524	---	---	---	61,886	61,824	51,663
South Atlantic	5,522	324	104	---	---	---	240	159	1,856
East South Central	0	30	433	---	---	---	154	170	177
West South Central	591	2,871	1,668	---	---	---	343	201	221
Mountain	11,442	9,228	11,185	---	---	---	6,456	2,105	797
Pacific	85,361	91,562	95,844	---	---	---	10,729	11,154	13,026
TOTAL	505,951	491,147	534,030	86,078	130,124	238,016	204,938	216,463	204,474

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2002 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Million Pounds						Million Pounds						Million Pounds					
January	203	99	202	99	<u>3/</u>	<u>3/</u>	512	460	512	459	<u>3/</u>	1	1,146	900	110	120	1,036	780
February	238	130	237	129	1	1	534	491	534	490	<u>3/</u>	1		966		142		823
March		145		144		1		498		498		1		1,028		158		871
April		197		195		2		514		513		1		1,093		161		933
May		227		225		2		536		535		1		1,146		166		981
June		243		241		2		549		548		1		1,235		174		1,062
July		245		243		2		573		573		1		1,254		138		1,116
August		229		227		2		565		565		<u>3/</u>		1,327		109		1,218
September		209		207		2		513		512		1		1,308		85		1,223
October		165		163		2		501		500		1		1,279		79		1,200
November		136		135		1		474		474		<u>3/</u>		1,238		87		1,151
December		158		157		1		493		493		<u>3/</u>		1,148		101		1,047

NA – Not Available.

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jan 31, 2001	Jan 31, 2002	Jan 31, 2003	Feb 28, 2001	Feb 28, 2002	Feb 28, 2003
	Thousand Pounds					
Butter	68,067	98,940	202,311	85,799	128,924	237,291
Natural American Cheese	504,730	458,913	511,912	504,145	490,394	533,662

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

**SOURCE:** "Cold Storage," Co St 1 (3-03) and "Dairy Products," Da 2-6 (3-03), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

## FEDERAL MILK ORDER ADVANCE PRICES, APRIL

**Class I Base Price** - Under the Federal milk order pricing system, the Class I base price for April 2003 is \$9.64 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.92 and the advanced butterfat pricing factor of \$1.1227. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price.

**Class II Price Information** - The advanced Class IV skim milk pricing factor is \$5.92. Thus, the Class II skim milk price for April is \$6.62 per cwt., and the Class II nonfat solids price is \$0.7356. **Product Price Averages** - The two-week product price averages for April are: butter \$1.0506, nonfat dry milk \$0.8048, cheese \$1.0697, and dry whey \$0.1594.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/				
Federal Milk Order Marketing Area 3/	Order Number	April 2003		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) 4/	001	12.89	9.17	1.1552
Appalachian (Charlotte) 5/	005	12.74	9.02	1.1537
Southeast (Atlanta) 6/	007	12.74	9.02	1.1537
Florida (Tampa) 7/	006	13.64	9.92	1.1627
Midwest (Cleveland) 8/	033	11.64	7.92	1.1427
Upper Midwest (Chicago) 9/	030	11.44	7.72	1.1407
Central (Kansas City) 10/	032	11.64	7.92	1.1427
Southwest (Dallas) 11/	126	12.64	8.92	1.1527
Arizona-Las Vegas (Phoenix) 12/	131	11.99	8.27	1.1462
Western (Salt Lake City) 13/	135	11.54	7.82	1.1417
Pacific Northwest (Seattle) 14/	124	11.54	7.82	1.1417
All-Market Average		12.22	8.50	1.1485

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus, \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I prices at other cities are: Portland, same; and Spokane, same.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
DEC 2002	177.3	1.5	167.3	-2.0	160.2	-4.2	168.3	-2.5	141.0	-19.4	162.4	0.2
JAN 2003	177.5	1.0	166.4	-2.1	159.6	-3.2	166.2	-3.8	144.8	-17.5	161.6	-0.3
FEB 2003	178.3	1.4	167.2	-1.7	159.0	-3.4	168.5	-1.6	148.5	-12.6	164.7	1.8
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk <sup>4/</sup>		Lowfat Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Dollars											
DECEMBER	2.682	2.895	NA	2.646	2.842	3.310	3.842	3.994	4.107	4.165	3.757	3.836
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
JANUARY	2.686	2.812	NA	2.581	2.944	3.419	3.713	3.937	4.101	4.229	3.752	3.425
FEBRUARY	2.689	2.807	NA	2.571	2.964	3.284	3.844	3.869	4.020	4.180	3.788	3.810

NA Data not adequate for publication.

<sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

**COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS  
NOVEMBER-JANUARY 2001-02 & 2002-03 AND ANNUAL 2001-02 <sup>1/</sup>**

Item	Nov.-Jan. 2001/02	Percent change <sup>2/</sup>	Nov.-Jan. 2002/03	Percent change <sup>2/</sup>	Jan.-Dec. 2001	Percent change <sup>2/</sup>	Jan.-Dec. 2002	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	41,632	1.7	42,190	1.3	165,497	-1.0	169,758	2.6
Marketings	41,317	1.7	41,885	1.4	164,233	-0.9	168,533	2.6
Beginning Commercial Stocks <sup>3/</sup>	8,167	4.0	9,958	21.9	6,839	11.3	7,041	3.0
Imports <sup>3/</sup>	1,317	12.8	1,175	-10.8	5,717	28.6	5,104	-10.7
Total Supply <sup>4/</sup>	50,801	2.3	53,018	4.4	176,789	0.2	180,678	2.2
Ending Commercial Stocks <sup>3/</sup>	8,262	6.4	11,117	34.6	7,041	2.5	9,891	40.5
Net Removals <sup>3/</sup>	55	-66.5	165	200.0	145	-82.8	329	126.9
Commercial Disappearance <sup>4/</sup>	42,484	1.8	41,736	-1.8	169,603	0.5	170,458	0.5
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	372.6	11.3	344.6	-7.5	1,280.4	0.3	1,292.5	0.9
American Cheese	929.0	0.3	920.7	-0.9	3,655.9	2.0	3,693.1	1.0
Other Cheese	1,264.7	2.2	1,310.5	3.6	4,952.3	0.1	5,138.0	3.7
Nonfat Dry Milk	181.4	1.2	148.4	-18.2	946.4	23.0	721.0	-23.8
Fluid Milk Products <sup>6/</sup>	14,195.4	-0.8	14,315.1	0.8	55,104.7	-0.5	55,261.8	0.3

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds.

<sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, APRIL 2003, WITH COMPARISONS <sup>1/</sup>												
CITY	April 2001			April 2002			March 2003			April 2003		
	Announced Coop.	Federal Order	Differ- ence	Announced Coop.	Federal Order	Differ- ence	Announced Coop.	Federal Order	Differ- ence	Announced Coop.	Federal Order	Differ- ence
	Dollars Per Hundredweight, 3.5% Butterfat											
Atlanta, GA	17.62	16.54	1.08	16.25	14.57	1.68	15.17	12.91	2.26	15.00	12.74	2.26
Baltimore, MD	18.19	16.44	1.75	16.22	14.47	1.75	14.41	12.81	1.60	14.39	12.64	1.75
Boise, ID <sup>2/</sup>	15.29	15.04	0.25	13.37	13.07	0.30	11.71	11.41	0.30	11.54	11.24	0.30
Boston, MA	17.17	16.69	0.48	16.32	14.72	1.60	14.46	13.06	1.40	14.29	12.89	1.40
Charlotte, NC	17.62	16.54	1.08	16.25	14.57	1.68	15.17	12.91	2.26	15.00	12.74	2.26
Chicago, IL	16.86	15.24	1.62	15.22	13.27	1.95	13.62	11.61	2.01	13.55	11.44	2.11
Cincinnati, OH	17.37	15.64	1.73	15.27	13.67	1.60	13.91	12.01	1.90	13.79	11.84	1.95
Cleveland, OH	17.17	15.44	1.73	15.07	13.47	1.60	13.71	11.81	1.90	13.59	11.64	1.95
Dallas, TX	16.99	16.44	0.55	15.90	14.47	1.43	14.21	12.81	1.40	14.04	12.64	1.40
Denver, CO	16.69	15.99	0.70	14.87	14.02	0.85	13.21	12.36	0.85	13.04	12.19	0.85
Des Moines, IA	16.45	15.24	1.21	14.42	13.27	1.15	13.00	11.61	1.39	12.84	11.44	1.40
Detroit, MI	16.24	15.24	1.00	14.52	13.27	1.25	13.08	11.61	1.47	12.91	11.44	1.47
Hartford, CT	17.07	16.59	0.48	16.22	14.62	1.60	14.36	12.96	1.40	14.19	12.79	1.40
Houston, TX	17.59	17.04	0.55	16.50	15.07	1.43	14.81	13.41	1.40	14.64	13.24	1.40
Indianapolis, IN	17.17	15.44	1.73	15.07	13.47	1.60	13.71	11.81	1.90	13.59	11.64	1.95
Kansas City, MO	16.40	15.44	0.96	15.00	13.47	1.53	13.59	11.81	1.78	13.43	11.64	1.79
Louisville, KY	16.64	15.64	1.00	14.67	13.67	1.00	13.44	12.01	1.43	13.27	11.84	1.43
Memphis, TN	17.07	16.24	0.83	15.75	14.27	1.48	14.67	12.61	2.06	14.50	12.44	2.06
Miami, FL	20.13	17.74	2.39	18.76	15.77	2.99	17.33	14.11	3.22	17.16	13.94	3.22
Milwaukee, WI	16.96	15.19	1.77	15.32	13.22	2.10	13.72	11.56	2.16	13.65	11.39	2.26
Minneapolis, MN	16.32	15.14	1.18	14.83	13.17	1.66	13.07	11.51	1.56	13.00	11.34	1.66
New Orleans, LA	17.77	17.04	0.73	16.40	15.07	1.33	15.32	13.41	1.91	15.15	13.24	1.91
Oklahoma City, OK	16.84	16.04	0.80	15.50	14.07	1.43	14.06	12.41	1.65	13.89	12.24	1.65
Omaha, NE	16.50	15.29	1.21	14.47	13.32	1.15	13.05	11.66	1.39	12.89	11.49	1.40
Philadelphia, PA	18.36	16.49	1.87	16.39	14.52	1.87	14.46	12.86	1.60	14.44	12.69	1.75
Phoenix, AZ	15.94	15.79	0.15	13.97	13.82	0.15	12.31	12.16	0.15	12.14	11.99	0.15
Pittsburgh, PA	17.74	15.54	2.20	15.57	13.57	2.00	13.66	11.91	1.75	13.64	11.74	1.90
St. Louis, MO	17.15	15.44	1.71	14.72	13.47	1.25	13.06	11.81	1.25	12.89	11.64	1.25
Salt Lake City, UT	15.59	15.34	0.25	13.67	13.37	0.30	12.01	11.71	0.30	11.84	11.54	0.30
Seattle, WA	15.76	15.34	0.42	13.79	13.37	0.42	12.13	11.71	0.42	11.96	11.54	0.42
Springfield, MO	16.44	15.64	0.80	15.10	13.67	1.43	13.66	12.01	1.65	13.49	11.84	1.65
Washington, DC	18.19	16.44	1.75	16.22	14.47	1.75	14.41	12.81	1.60	14.39	12.64	1.75
Simple Average	17.04	15.92	1.12	15.36	13.95	1.41	13.83	12.29	1.54	13.69	12.12	1.57

<sup>1/</sup> This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

<sup>2/</sup> The information for this city is being reported now; the information for Spokane, WA has been discontinued.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 24 - 28, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 03/21/03	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	888,371	-0-	888,371	4,654,304	-0-	-0-	-0-
Packaged	246,240	-0-	246,240	246,240	-0-	-0-	-0-
<b>TOTAL</b>	1,134,611	-0-	1,134,611	4,900,544	-0-	-0-	-0-
<b>CHEESE</b>							
Block	642,329	-0-	642,329	1,328,041	-0-	-0-	-0-
Barrel	825,347	-0-	825,347	3,456,711	-0-	-0-	-0-
Process	1,267,200	-0-	1,267,200	13,384,800	-0-	-0-	-0-
<b>TOTAL</b>	2,734,876	-0-	2,734,876	18,169,552	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfort	13,317,303	2,681,439	10,635,864	304,710,093	265,868,443	1,153,321,000	843,452,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	46,391,000
<b>TOTAL</b>	13,317,303	2,681,439	10,635,864	304,710,093	265,868,443	1,199,712,000	889,843,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 24 - 28, 2003 =	52.3	151.0	COMPARABLE PERIOD IN 2002 =	3.4	177.4
CUMULATIVE SINCE OCTOBER 1, 2002 =	341.6	3,727.3	CUMULATIVE SAME PERIOD LAST YEAR =	58.5	3,094.7
CUMULATIVE JANUARY 1 - MARCH 28, 2003 =	267.5	2,461.7	COMPARABLE CALENDAR YEAR 2002 =	41.6	2,198.8

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 24 - 28, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,267,200	372,354	-0-
WEST	888,371	246,240	-0-	642,329	825,347	-0-	9,578,360	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	685,150	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/02 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
CENTRAL	-0-	-0-	13,426,400	-0-	10,313,673	6,730,907	36.9	34.6
WEST	4,900,544	-0-	4,743,152	-0-	284,475,666	247,751,176	62.4	65.2
EAST	-0-	-0-	-0-	-0-	9,920,754	11,386,360	0.7	0.2
<b>TOTAL</b>	4,900,544	-0-	18,169,552	-0-	304,710,093	265,868,443	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 03/08/03 & Comparable Week 2002

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2003-Dairy	0.2	0.8	7.5	5.1	22.4	3.0	0.5	1.0	15.7	3.6	59.9	573.9
2002-Dairy	0.2	0.7	5.3	5.1	18.5	2.8	0.6	1.0	12.9	2.7	49.7	512.7
2003-All cows	0.2	1.0	10.0	14.0	35.3	13.8	16.6	3.4	17.1	5.9	117.4	1,158.7
2002-All cows	0.2	0.9	7.0	12.1	28.3	12.3	13.9	3.3	14.6	5.5	98.1	1,068.7

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64								
II	11.29	10.66										
III	9.78	9.66										
IV	10.07	9.81										

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm0s/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm)